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May 16, 1996

BY MESSENGER

Mr. William F. Caton, Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Common Carrier Docket 96-98

Dear Mr. Caton:

Enclosed for filing in the above-captioned docket on behalf of Sprint Spectrum L.P. and American PCS, L.P. d/b/a American Personal Communications are the following:

1. An original and 16 copies of Joint Comments of Sprint Spectrum and American Personal Communications;

2. An original and 16 copies of a letter from Anne P. Schelle to the Chairman and Commissioners; and

3. A 3.5-inch diskette containing copies of the above-referenced documents in WordPerfect 5.1 format.

Please direct any questions concerning this matter to the undersigned.

Very truly yours,

Kurt A. Wimmer

Attorney for Sprint Spectrum and American Personal Communications

Enclosures

ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Implementation of the Local Competition Provisions in the Telecommunications Act of 1996	)	CC Docket No. 96-98

JOINT COMMENTS OF SPRINT SPECTRUM AND AMERICAN PERSONAL COMMUNICATIONS

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SUMMARY

Sprint Spectrum and American Personal Communications urge the Commission to establish specific national interconnection policies for commercial mobile radio service ("CMRS") providers as it implements the Telecommunications Act of 1996 (the "1996 Act"). The policy should have three fundamental elements:

First, the Commission should establish an immediate interim policy of bill and keep for CMRS-LEC interconnection. Bill and keep will be a fair interim policy because the actual local exchange carrier ("LEC") costs of terminating traffic are near zero, as the comments in the CMRS interconnection docket establish, and because of the potential for traffic balance; it will be an effective interim policy because it can be implemented quickly and efficiently.

Second, the Commission should properly interpret the 1996 Act to establish a policy of requiring transport and termination of traffic under Section 252(d)(2) of the 1996 Act to be based on the incremental, forward-looking costs of providing interconnection without including overhead or embedded costs. The appropriateness of this standard is clear from the text of the 1996 Act. The Commission should utilize this standard as a guide in establishing a national policy for CMRS-LEC interconnection under Section 332 of the Act.

Third, the Commission should find that bill and keep is an appropriate proxy for a system of reciprocal compensation based on incremental costs.

If the Commission faithfully follows the structure of the Communications Act — giving full effect to its complementary 1996 and 1993 amendments — it will adopt specific rules for CMRS interconnection that provide immediate national guidance to LECs and CMRS providers and foster the development of a competitive telecommunications marketplace. These rules will permit CMRS providers to effectively meet the needs of the American public.

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JOINT COMMENTS OF SPRINT SPECTRUM AND AMERICAN PERSONAL COMMUNICATIONS

The Congressional goal of opening local telephone markets to competition can be achieved only if the Commission establishes national rules that clearly define the obligations of incumbent local exchange carriers ("LECs") to terminate and transport competitors' traffic and crafts a rate structure for interconnection and access faithful to the statutory mandate of forward-looking costs. Commercial mobile radio service ("CMRS") providers have a crucial stake in this proceeding because the rules the Commission will adopt here should enable CMRS providers finally to attain reasonable interconnection from LECs that have bottleneck control over local markets.

Sprint Spectrum and American Personal Communications have a compelling interest in this proceeding.[1/] Sprint Spectrum is licensed to provide personal communications services ("PCS") to more Americans than any company, and American Personal Communications has launched the first commercial PCS service in the United States. We, like other companies seeking to compete in at least a segment of the incumbent LECs' market, need national rules in place as we construct and offer a service that meets the local telecommunications needs of Americans. PCS providers need an effective national interim

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[1/] Sprint Spectrum L.P. ("Sprint Spectrum") is a joint venture formed by subsidiaries of Sprint Corporation, Tele-Communications, Inc., Comcast Corporation, and Cox Communications, Inc. American PCS, L.P. d/b/a American Personal Communications ("APC") is a limited partnership in which American Personal Communications, Inc. is the sole managing general partner and 51 percent equity holder and Sprint Spectrum is the 49 percent limited partner. APC provides PCS service under the name "Sprint Spectrum."

interconnection policy now. Fully competitive nationwide services cannot be inaugurated without such a federal policy.

The Commission can and should establish specific national interconnection policies for CMRS providers.[2/] The policy should have three fundamental elements: *First*, the Commission should establish an immediate interim policy of bill and keep for CMRS-LEC interconnection. *Second*, the Commission should properly interpret the Telecommunications Act of 1996 (the "1996 Act") to establish a policy of requiring transport and termination of traffic as provided for under Section 252(d)(2) of the 1996 Act to be based on the incremental, forward-looking costs of providing interconnection. *Third*, the Commission should find that bill and keep is an appropriate proxy for a system of reciprocal compensation based on incremental costs. If the Commission faithfully follows the structure of the Communications Act — giving full effect to its complementary 1996 and 1993 amendments — it will adopt specific rules for CMRS interconnection that provide immediate national guidance to LECs and CMRS providers and foster the development of a competitive telecommunications marketplace.

I. THE COMMISSION SHOULD ESTABLISH SPECIFIC RULES FOR CMRS-LEC INTERCONNECTION UNDER SECTION 332(C) CONSISTENT WITH THE STANDARDS OF THE 1996 ACT.

The *Notice* raises the issue of whether it would be sound policy for the Commission to distinguish between telecommunications carriers on the basis of the technology they use.[3/] This question is ill-conceived. As a fundamental matter, by properly implementing the statutory construct of the 1996 Act, the Commission would not be creating a *new* distinction between CMRS and other carriers. Rather, the Commission would be honoring the express

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[2/] We will not repeat here our comments in the Commission's parallel proceeding concerning LEC-CMRS interconnection. *See* Comments of Sprint Spectrum & APC, Interconnection Between Local Exchange Carriers and Commercial Mobile Service Providers, CC Docket 95-185 (the "*CMRS Notice*"). We incorporate by reference here our comments in that proceeding.

[3/] *See Notice* at ¶ 169.

design of Congress by recognizing that the distinction for CMRS currently exists in the statutory scheme pursuant to Section 332(c).

A distinction between CMRS providers and wired competitors is based not on the "technology" they use to provide service to customers but on the *service* offered by CMRS providers and the *jurisdiction* created over them by the Communications Act. Congress made a distinction based on the wireless nature of the service provided, not one grounded in the technology utilized. Section 332(c)'s provisions, which give the Commission plenary power over CMRS, stem from the fact that CMRS is entirely a creature of federal law. In enacting Section 332(c), Congress acknowledged the inherently *interstate* character of mobile services, stating, "[mobile services] by their nature, operate without regard to state lines as an integral part of the national telecommunications infrastructure."[4/] Section 332(c) therefore accomplished the Congressional goal of creating a uniform, national framework for the regulation of CMRS. Thus, Section 332(c)'s provision of different regulatory treatment for CMRS providers is a product of Congress' evaluation of the interstate characteristics of the *service*, not the technology, provided by CMRS providers.

It was against this backdrop — a preexisting statutory scheme which explicitly dictated a distinction in the regulatory treatment of CMRS providers — that Congress considered the 1996 Act. In passing the 1996 Act, Congress made a conscious choice to preserve this distinction. This choice is reflected explicitly in the text of the 1996 Act. For example, Congress crafted a definition of "local exchange carrier" that explicitly excluded CMRS providers from its ambit, indicating clearly that it did not intend CMRS providers to be treated uniformly with all other providers of telecommunications services.[5/] As another

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[4/] H.R. Rep. No. 111 103rd Cong., 1st Sess. 260 (1993).

[5/] *See* 47 U.S.C. § 153(26). The 1996 Act defines "local exchange carrier" as "any person that is engaged in the provision of telephone exchange service or exchange access" but explicitly provides that:

> Such term does not include a person insofar as such person is engaged in the provision of a commercial mobile service under section 332(c), except to the extent that the Commission

example, Congress included explicit language in Section 253 to make it clear that its provision on removal of certain state barriers to market entry by wired telecommunications providers did not alter its prior statutory plan to much more specifically divest states of regulatory jurisdiction over CMRS providers.[6/] In these and other steps, Congress took extraordinary care to ensure that Section 332(c) would be maintained and that a strong federal role in fostering competition by CMRS providers would be preserved. In light of these efforts, it would be contrary not only to the intent of Congress but the plain language of the 1996 Act for the Commission to fail to establish uniform federal rules for CMRS interconnection.

Establishing specific policies for LEC-CMRS interconnection does not reflect any favoritism to the technology utilized by CMRS providers to serve their customers. Rather, honoring the explicit mandates of the 1996 Act and Section 332 simply implements the existing statutory scheme.[7/] The Commission cannot ignore this statutory distinction.

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finds that such service should be included in the definition of such term.

Congress clearly intended for the potential inclusion of CMRS carriers in the definition of LEC to be a narrowly focused inquiry. *See* Telecommunications Act of 1996, Conference Report, Report 104-458 at 114 (Jan. 31, 1996) (inclusion of CMRS permitted "to the extent that the Commission finds that such service as provided by such persons in State is a replacement for a substantial portion of the wireless telephone exchange service within such State").

[6/] *See* 47 U.S.C. § 253(e). Section 253 provides generally that states cannot maintain laws that "prohibit or have the effect of prohibiting" entry into telecommunications services (§253(a)), subject to the states' ability to impose competitively neutral requirements for universal service and other general goals (§ 253(b)). In Section 253, however, Congress explicitly maintained the much more specific preemptions against entry and rate regulation of CMRS providers established in Section 332 by stating that "[n]othing in this section shall affect the application of section 332(c)(3) to commercial mobile service providers" (§ 253(e)).

[7/] Some may argue that the 1996 Act was intended to treat all carriers equally rather than draw distinctions among them. This argument, however, simply ignores the reality of the 1996 Act (and, more broadly, the Communications Act as a whole). The 1996 Act is rife with distinctions drawn among carriers. For example, clear distinctions are based on the areas to which certain carriers bring service (the rural telephone company provisions of Sections 251(f)(1) and 253(f)); carriers' size, market power, and previous ownership (the provisions distinguishing LECs from "incumbent LECs" in Section 251); whether carriers possess economies of scale or scope (the "qualifying carrier"

Instead, the Commission must adopt rules providing CMRS providers with an effective national interconnection policy.

This national policy should be established under Section 332. It is clear from the Act as a whole, and particularly from Section 332(c), that CMRS providers are entitled to reasonable interconnection from LECs without regard to Section 251. Congress already has provided for that right in passing Section 332(c), and the 1996 Act explicitly provides that its provisions shall not diminish the federal protections accorded to CMRS providers under Section 332. The appropriate question, then, is how the Commission should effectuate this right now that CMRS providers are poised to begin competing in segments of the local exchange market.[8/]

The Commission should be guided in its determination of the appropriate interconnection standard for CMRS providers by its interpretation of the 1996 Act. As we discuss below, we believe it is clear from the text of the 1996 Act that Congress intended that interconnection under Section 252(d)(2) of the 1996 Act should be based solely on incremental costs: the amount that the interconnecting carrier actually expends on transporting and terminating the traffic in question, with no overhead loadings or joint-and-common costs included. This standard is appropriate for a nationwide policy under Section 332 as well.[9/] In addition, for the reasons set out in our comments on the *CMRS Notice*,

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provisions for infrastructure sharing in Section 259); and even the particular services they provide (the health-care provisions of § 254(h)). In light of Congress's careful measuring of the appropriate legal treatment of various types of telecommunications carriers, it is not inconsistent in the least that Congress chose to maintain a distinction between CMRS providers and other types of telecommunications providers.

[8/] As we stated in our comments on the *CMRS Notice*, the Commission's statement in that context that "existing general interconnection policies may not do enough to encourage the development of CMRS, especially in competition with LEC-provided wireline service" (¶ 2) is a staggering understatement. *See CMRS Notice*, ¶ 2. Immediate and effective intervention is necessary.

[9/] We urge the Commission to adopt specific rules for CMRS providers not because we believe CMRS providers are more deserving of a pro-competitive policy than other competitors. Quite the opposite is true — we support an identical regulatory response for competitive local exchange carriers because we believe our proposed structure is both fair to LECs and is the most

the imminent launch of new nationwide CMRS services makes it crucial that the Commission establish an immediate interim policy in favor of bill-and-keep interconnection. Bill and keep is the sole option that can be implemented immediately and, at any rate, provides an effective proxy for the incremental costs of CMRS-LEC interconnection.[10/]

III. THE COMMISSION SHOULD SET THE RATES CMRS PROVIDERS PAY FOR TRANSPORT AND TERMINATION TO INCUMBENT LECS BASED ON ADDITIONAL INCREMENTAL COSTS, WITH NO OVERHEAD LOADINGS.

A. Section 252's Different Pricing Requirements Depend on Scope of Service Provided.

Section 252(d), which establishes the pricing standards for interconnection and transport and termination of traffic, contains different pricing requirements depending on the type of service a requesting carrier is seeking from an incumbent LEC. The three categories of requesting carriers are: (i) resellers, which means a carrier with no facilities; (ii) partial providers, which are carriers with some facilities (for instance, switching equipment or trunking capability) but which depend on the incumbent LEC to originate *and* terminate a call; and (iii) co-carriers, which are carriers with facilities that enable them to originate and terminate a call, but which need another co-carrier (such as an incumbent LEC) to terminate calls to "foreign" end users The three pricing standards in Section 252(d) line-up with each category of requesting carrier:

First, Section 252(d)(3) sets forth the pricing standards applicable to resale providers: wholesale rates shall be based on retail rates less avoided costs.

Second, Section 252(d)(1), by contrast, contains pricing standards for requesting carriers that have some facilities but cannot provide dialtone service to the end user.

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effective manner to create the competitive marketplace that Congress envisaged in passing the 1996 Act. Our position in favor of a specific and targeted national policy for CMRS carriers is born of the simple fact that Congress plainly intended the Commission to establish such a policy by carefully and explicitly maintaining Section 332's mandate of federal regulation over CMRS providers.

[10/] *See* Comments of Sprint Spectrum & APC on *CMRS Notice*.

Paragraph (d)(1) provides that this class of requesting carriers should pay interconnection rates based on the cost of providing the interconnection (without reference to rate of return) plus a reasonable profit.

Third, Section 252(d)(2) contains pricing standards for co-carriers that need "transport and termination of traffic." In fact, the entities that qualify for pricing under that paragraph are a narrow class. As a matter of statutory interpretation and as a matter of logic, only carriers that can *originate* traffic can seek *termination* of traffic. Moreover, Section 252(d)(2)(A)(i) clearly establishes a requirement of mutual functionality: each co-carrier must be capable of "terminat[ing] . . . calls that originate on the network facilities of the other carrier . . . ." Thus, the test of whether a requesting carrier can avail itself of the pricing standards established in Section 252(d)(2) is whether the carrier can originate and terminate traffic with an end user — that is, whether it is a co-carrier. If a carrier meets the test in Section 252(d)(2), then that carrier can seek transport and termination from the incumbent LEC consistent with Sections 251 and 252(d)(2).

The three tiers of pricing standards Congress crafted are consistent with the overarching goal of the 1996 Act: to foster, over time, the construction of facilities-based competitors to incumbent LECs. The first-level pricing standard of 252(d)(3) applies to carriers that have no infrastructure of their own, a class to which CMRS carriers do not belong. The second-level pricing standard of 252(d)(1) applies to carriers that have some infrastructure of their own but must depend upon the LEC for essential portions of their service, also a class to which CMRS carriers do not belong. The third-level pricing standard of 252(d)(2), in contrast, *does* apply to CMRS providers, which provide telecommunications services utilizing their own facilities-based infrastructures but simply need access to subscribers of other networks to offer service to the public. As we demonstrate below, the pricing standard of 252(d)(2) can be based only on incremental costs or a suitable proxy if the Commission is to be true to the pro-competitive goals of the 1996 Act.

B. Rates for Transport/Termination Cannot Include Overhead Or Embedded Network Costs.

The *Notice* correctly concludes that both Section 252(d)(1) and Section 252(d)(2) do not permit interconnection or termination rates based on historical or embedded costs. The statutory language on pricing standards for interconnection (§ 252(d)(1)) expressly excludes consideration of rate-based proceedings, which is where the debate on allocation of embedded or historical costs has taken place. The statutory language on pricing standards for transport/termination (§ 252(d)(2)) contains an even narrower basis for rates: termination and transport rates must be based exclusively on "a reasonable approximation of the additional costs of terminating" the call — that is, additional incremental costs. Thus, the pricing standard for co-carriers precludes rates for termination and transport from including any expense for overhead or joint and common costs.[11/] Rates higher than the additional incremental costs of termination or transport thus are impermissible under Section 252.

This differential in pricing standards for different kinds of requesting carriers is consistent with the policy objectives of the 1996 Act. Under this three-part formula, those with the fewest facilities — resellers — should pay the most of the incumbent LECs' overhead and joint and common costs because they are obtaining the most use of that plant and equipment.[12/] By contrast, those with the most facilities — co-carriers capable of originating and terminating a call — should pay nothing towards overhead or joint and common costs, because they operate a peer network with significant overhead and joint and common costs of their own. And carriers that seek interconnection but have some facilities should not pay for the historical costs of the incumbent LEC's network but should pay a reasonable profit to the incumbent LEC in recognition of their reliance on the LEC's network

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[11/] 47 U.S.C. § 252(d)(2)(A)(ii).

[12/] That pricing policy would be consistent with both the statutory scheme of the 1996 Act and with economic efficiency, since these pricing signals would be useful to new entrants or competitors making a "buy or build" decision.

for providing essential components of their service.[13/] This scheme comports with an underlying theme of the legislation: that economic reality, not regulatory decisions, should guide the market. A forward-looking cost structure that recognizes different levels of requesting-carrier investment is essential to ensuring accurate market signals are sent concerning actual economic cost of services to consumers and new entrants.[14/]

The task of setting rates consistent with the 1996 Act may be challenging because the pressure from incumbent LECs will be great. However, in the final analysis, the Commission should adhere to the view expressed by the staff of the National Association of Regulatory Commissioners: a competitive market makes recovery of "stranded" embedded costs, or sunk costs, moot from an economic prospective.[15/] Such a policy decision would be analogous to the business decision made ten years ago by AT&T when it took a $5.2 billion write-down of assets because of its "stranded" investment, a decision prompted by the advent of competition.[16/] We are not advocating any mandatory write-down of assets, of

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[13/] The Commission may find that rates for interconnection and network elements charged to partial carriers (*see* § 252(d)(1)) could include a reasonable share of *forward-looking* joint and common costs, since the statute permits the LEC to recover the cost of interconnection plus a reasonable profit; alternatively, the Commission may find such language precludes such recovery. We take no position on this question.

[14/] *See Notice* at ¶ 124.

[15/] *See id.* at ¶ 144.

[16/] *See* K. Arenson, *AT&T's Earnings Will Be Reduced $5.2 Billion in '83*, New York Times, Oct. 20, 1983, at 1 (Oct. 20, 1983) ("[AT&T] said yesterday that as part of its transformation from a protected monopoly into a competitive company, it would subtract $5.2 billion from its 1983 earnings. That would be the largest such reduction in corporate history"); D. Cook, *Bell, FCC Actions Jolt Phone Industry*, Christian Science Monitor, Oct. 21, 1983, at 1 ("AT&T reached out and touched its 3 million shareholders Wednesday by announcing it would make a $5.2 billion after-tax reduction in earnings, the largest write-off in history, to get ready for the breakup").

course, but we do urge the Commission to heed the mandate of the 1996 Act and to close the book on historical costs and instead focus on forward-looking costs.[17/]

C. The Commission Should Adopt Interim and Long-term Rates Based on Forward-Looking Costs That Minimize LECs' Strategic Behavior and Maximize Competitive Opportunity.

A key element of the pricing rules the Commission adopts to implement the 1996 Act will be the pricing standards established under Section 252 that will define the rates charged for various services by incumbent LECs. The *Notice* correctly concludes that Section 252 mandates the Commission to adopt a forward-looking cost methodology. As identified in the *Notice*, a number of possible methodologies could be used.[18/] Other parties will focus on the varying benefits of different methodologies; for our part, we believe it is simply plain from the text of the 1996 Act that the Commission must define "additional costs" under Section 252(d)(2) to mean only the incremental cost of carrying the call without any allocation of embedded costs.[19/]

[17/] We must also address the canard that incumbent LECs have a justifiable claim to any delta between historical revenue streams and a forward-looking cost methodology. The 1996 Act did not intend, nor did it provide for, the maintenance of LEC revenue streams *ad infinitum*. Instead, the 1996 Act recognizes that for the past decades, LEC costs have been out of touch with economic reality. Because of that recognition, the Act mandates a sharp turn away from historical costs, and toward economically rational costs — forward-looking costs. Congress realized that this focus was the only way to begin a fair game of competition, and that is the mandate the Commission must fulfill.

[18/] In the context of recovering costs, we agree completely with the Commission's conclusion that certain approaches that would enable LECs to recover all their embedded costs are both bad policy and contrary to law. In particular, we concur with the decision in the *Notice*, *see* ¶ 130, that the so-called "Ramsey" approach should be rejected by the Commission and set off-limits to the states. The 1996 Act was not designed to preserve forever the revenue streams of incumbent LECs.

[19/] We do not here make a specific endorsement of either the long-run incremental cost ("LRIC") concept or the total service long-run incremental cost ("TSLRIC") concept because there does not appear to be any generally agreed-upon meaning for these concepts. Rather, we focus on the language of the 1996 Act and the intent of Congress in choosing the language it employed. As we discuss below, our analysis leads us to believe that Congress intended the Section 252(d)(2) pricing standard to encompass recovery only of the actual incremental costs of performing the

Section 252(d)(2) is clear and explicit: No joint and common costs or overhead loadings shall be included in the rate for transport and termination. The sole basis for transport and termination rates is "a reasonable approximation of the additional costs of terminating such calls." § 252(d)(2)(A)(ii). Given the clarity of the statute passed by Congress, the only legitimate issues for debate are (i) what additional costs may be recovered as part of these pricing standards and (ii) what explicit steps the Commission must take to establish a proxy and a ceiling that serves as a reality check against LEC pricing under whichever methodology is finally chosen.

D. The Commission Should Adopt Bill and Keep as a Proxy, Even If On An Interim Basis.

The *Notice* correctly recognizes that any of the possible forward-looking cost methodologies are (a) time consuming and expensive to implement, (b) inherently imprecise, and (c) subject to incumbent LEC manipulation. The advantage of a Commission-established ceiling is that it would give parties seeking to negotiate interconnection and access agreements concrete boundaries that would assist them in fulfilling their obligations. The *Notice* identifies many of the benefits of a ceiling, and we think those benefits are salutary: *making efficient entry possible and constraining LEC strategic behavior.*[20/] A ceiling, coupled with a sound proxy, would help meet those two goals and would facilitate negotiations between the parties.

The proxy adopted by the Commission should be bill and keep. Sprint Spectrum and APC agree with the Commission that uniform national rules for evaluating interconnection agreements are both fundamental to the success of local telephone competition and expressly within the Commission's authority. However, we also recognize that a transitional pricing mechanism is critical during an interim time period, because the implementation of any of

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transport and termination of the traffic.

[20/] *See Notice* at ¶ 135. In fact, we endorse those goals for *all* cost methodologies, not just a ceiling.

the costing methodologies under consideration here will require a substantial amount of time. The 1996 Act did not envision that local competition would be put on hold while complex cost studies are done (and challenged, and litigated, and delayed). Moreover, we concur with the observation in the *Notice* that a proxy benefits all parties and serves as an easily administered alternative to a cost methodology.

In selecting a proxy for the forward-looking rates for transport and termination, we urge the Commission to adopt bill and keep. As we outlined in comments submitted in response to the *CMRS Notice*, Sprint Spectrum and APC strongly support the use of bill and keep as an interim solution since it serves as a sound proxy for the actual costs involved.[21/] Four major policy objectives support bill and keep: (i) it can be implemented quickly, which must be the primary feature of any interim solution; (ii) it is simple and easy to administer, thereby conserving both industry and Commission resources; (iii) it promotes the goal of an open, competitive market by facilitating co-carrier relationships; and (iv) it is fair to CMRS providers and LECs alike, as is demonstrated by its use by neighboring LECs that exchange traffic.[22/] The comments filed in response to the *CMRS Notice* clearly establish that bill and keep is a sound proxy for the actual costs incurred by carriers, based on the very low additional incremental costs of termination and the likelihood of traffic parity.[23/]

[21/] *See* Comments of Sprint Spectrum and APC to *CMRS Notice.*

[22/] *See* Comments of Sprint Spectrum & APC on *CMRS Notice.*

[23/] *See* Sprint Spectrum/APC Comments, *passim*; Cox Enterprises Comments at 2; Airtouch Communications Comments at 9; Vanguard Cellular Systems Comments at 1; Western Wireless Corp. Comments at 16; MCI Telecommunications Corp. Comments at 4; New Par Comments at 2; Omnipoint Comments at 1. The Commission also should understand what is not acceptable as a proxy: existing CMRS-LEC or CAP-LEC agreements. As already demonstrated to the Commission, these agreements merely reflect the substantial market power of incumbent LECs.

CONCLUSION

The course the Commission must take to foster a competitive telecommunications market is clear. First, it should adopt an immediate interim policy in favor of bill and keep for CMRS-LEC interconnection. Second, it should establish a national policy, under Section 332(c), holding that interconnection must be based on the incremental cost of transporting and terminating traffic, a standard that is consistent with the result the Commission should establish as to Section 252(d)(2) of the 1996 Act. Third, it should find that bill and keep is an appropriate proxy for a policy based on reciprocal compensation of incremental costs. These steps, which are fair in every respect to LECs and fully consistent with the 1996 Act, will permit CMRS carriers expeditiously to roll out competitive services to the American public across the country.

Respectfully submitted,

SPRINT SPECTRUM

AMERICAN PERSONAL COMMUNICATIONS

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May 16, 1996